

## Message Text

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ACTION EUR-12

INFO OCT-01 ISO-00 AID-05 CIAE-00 COME-00 EB-07 FRB-01

INR-07 NSAE-00 USIA-15 XMB-04 OPIC-06 SP-02 CIEP-02

LAB-04 SIL-01 OMB-01 NSC-05 SS-15 STR-04 CEA-01 L-03

H-02 PA-02 PRS-01 /101 W  
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FM AMEMBASSY PARIS

TO DEPARTMENT OF TREASURY

INFO SECSTATE WASHDC 5351

UNCLAS PARIS 28068

PASS FEDERAL RESERVE AND COMMERCE

E.O. 11652: N/A

TAGS: EFIN, FR

SUBJECT: GOF TIGHTENS FOREIGN EXCHANGE CONTROL REGULATIONS  
AND INCREASES INTEREST RATES

AS PART OF THE BARRE PLAN TO STRENGTHEN THE FRANC AND TO  
TIGHTEN CREDIT, THE GOF ON THURSDAY TIGHTENED SEVERAL FOREIGN  
EXCHANGE CONTROL REGULATIONS AND INCREASED SEVERAL KEY MONEY RATES.

THE FOLLOWING CHANGES WERE MADE IN FOREIGN EXCHANGE REGU-  
LATIONS.

1) THE DURATION OF FORWARD EXCHANGE PURCHASES AUTHORIZED TO  
IMPORTERS AND EXPORTERS HAS BEEN REDUCED FROM THREE TO TWO MONTHS.

2) IMPORTERS WILL BE ABLE TO BUY SPOT FOREIGN EXCHANGE ONLY  
EIGHT DAYS IN ADVANCE OF PAYMENT FOR THEIR IMPORTS, INSTEAD OF  
A MONTH AS HAD BEEN PREVIOUSLY AUTHORIZED.

3) THE DELAY IN REPATRIATION AND TRANSFER OF FOREIGN EXCHANGE  
RECEIPTS, IMPOSED ON RESIDENTS, REMAINS FIXED AT A MONTH, BUT  
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FINANCIAL INTERMEDIARIES ARE OBLIGATED, HENCEFORTH, TO TRANSFER

FOREIGN EXCHANGE WITHIN EIGHT DAYS AFTER RECEIPT OF THE FUNDS.

4) THE CEILING ON TRANSFERS AUTHORIZED FOR THE ACQUISITION OF A SECONDARY RESIDENCE ABROAD HAS BEEN DECREASED FROM FF 300,000 TO FF 150,000.

THE FOLLOWING INTEREST RATES WERE INCREASED:

1) DISCOUNT RATE, FROM 9.5 TO 10.5 PERCENT.

2) COMMERCIAL TAUX DE BAS (ROUGHLY EQUIVALENT TO U.S. PRIME RATE), FROM 9.2 TO 9.6 PERCENT.

3) RATE ON SECURED LOANS GRANTED TO ALL BORROWERS OTHER THAN THOSE ENTERPRISES WHICH DEAL ON THE MONEY MARKET, FROM 10.5 TO 11PERCENT.

4) RATE ON SECURED; LOANS TO ENTERPRISES OPERATING IN THE MONEY MARKET, FROM 12 TO 13 PERCENT. THESE INSTITUTIONS INCLUDE BANKS; SOME, BY NO MEANS ALL, INSURANCE COMPANIES; AND A VERY FEW OTHER INSTITUTIONS, MAINLY BROKERAGE FIRMS ON A SPECIAL AND RESTRICTED BASIS.

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## Message Attributes

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**Current Classification:** UNCLASSIFIED  
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**Disposition Case Number:** n/a  
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